FORSCOM INTERNAL REVIEW REENGINEERING INITIATIVE

Initiative

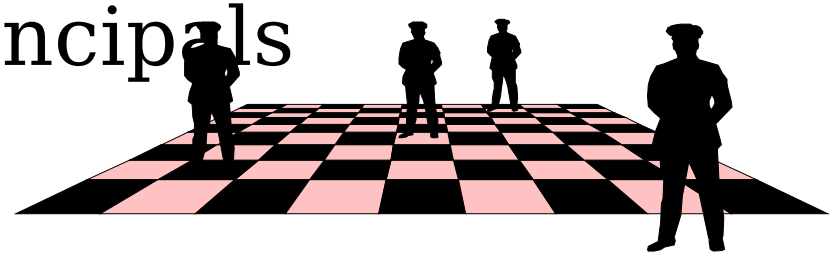
- FORSCOM Viewed USAAA as Viable Alternative to Internal Review
- Transfer Internal Review Spaces and Workload to The Auditor General
  - Save Money?
  - Improve Effectiveness and Efficiency?

Background

- FORSCOM Designated Reinvention Center
- Follow-on to Earlier Initiative to Consolidate IR with IG
  - Rejected Due to Legal Implications
- ASA(FM&C) Approved Test
- FORSCOM Transferred $700,000 to USAAA for Test

Background (continued)

- Evaluation Plan Drafted and Approved by
  - ASA(FM&C)
  - The Auditor General
  - HQ, FORSCOM
- TIG to Lead Evaluation
- Evaluation Team Also Selected and Approved by Principals



Test

Period (1June 1995 - 31 May 1996)

- **Five Test Sites**
  (Volunteer)
  - HQ, FORSCOM
  - Fort Drum
  - Fort Hood
  - Fort Lewis
  - Fort Stewart

- **Five Control Sites**
  - Fort Bragg
  - Fort Campbell
  - Fort Carson
  - Fort Polk
  - Fort Riley

Evaluation Criteria

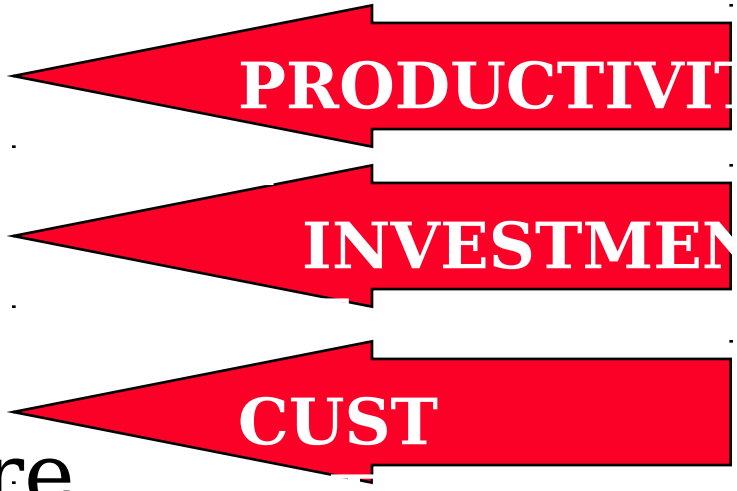
- **Objective:** "To determine the most efficient and effective means for FORSCOM commanders to obtain internal audit services."
- **Success Criteria**:
  - Highest Return on Investment
  - Highest Rate of Productivity
  - Highest Degree of Customer Satisfaction

Evaluation Team

- DAIG - Lead
- ASA(FM&C)
- USAAA
- HQ, FORSCOM
- Fort Sam Houston

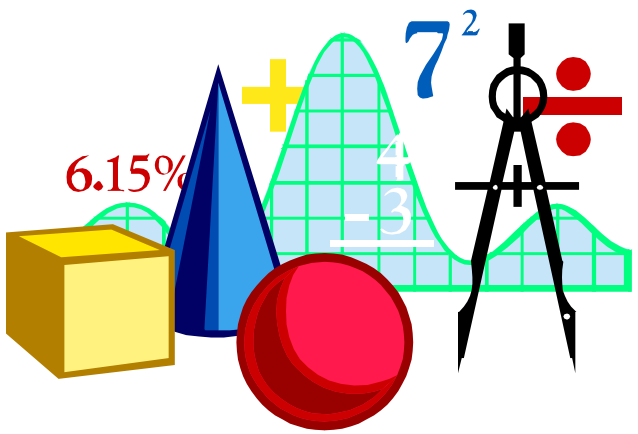
Evaluation Methodology

- Products #
- Costs *
- Interviews
- Questionnaire



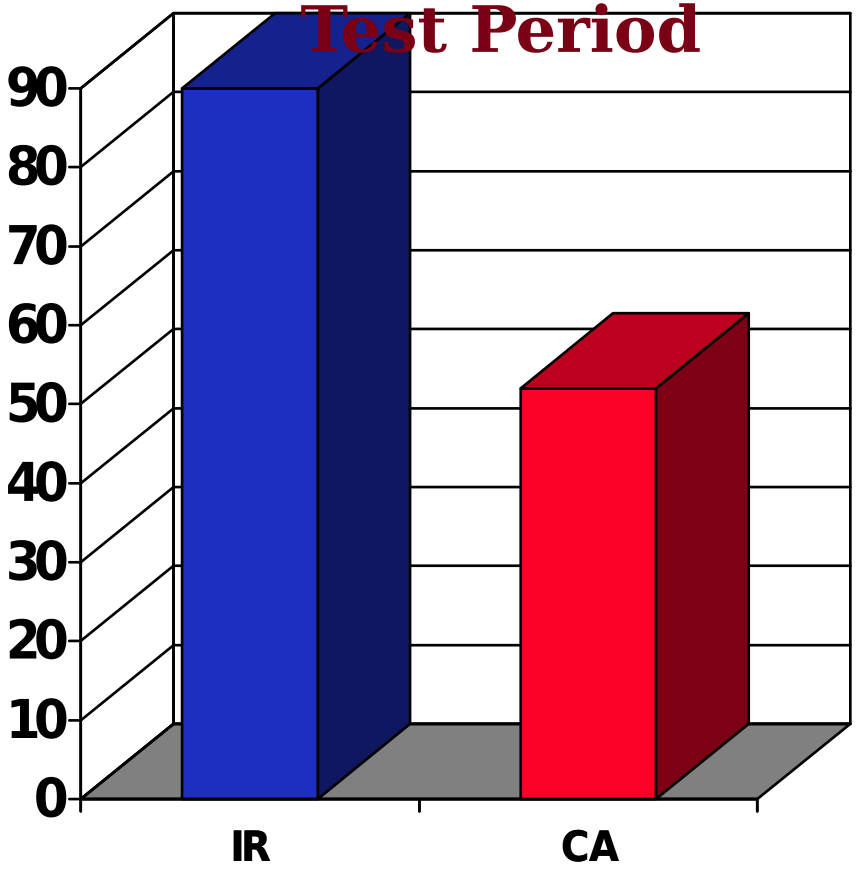
Productivity Data Period - 1 October 95 thru 31 March 96

* Investment Data Period - 1 August 95 thru 31 March 96



Productivity Results

- Total Audit Engagements Per Staff Year
  - Internal Review - 7.89
  - Command Audit - 6.10



Cost Results

- **Cost of Operations (1AUG95 - 31**
  - Internal Review - $826.4K
  - Command Audit - $687.8K
- **Purchased**
  - Internal Review - 11.4 Staff-Years
  - Command Audit - 8.5 Staff-Years
- **Cost Per Staff-Year**
  - Internal Review - $52.6 K
  - Command Audit - $61.0 K

Difference

21%

Cost

- **Savings Generated**
  - Internal Review - $1.79M Per Staff-Year
  - Command Audit - $1.46M Per Staff-Year*
- **Return on Investment**
  - Internal Review - $28.4 to $1
  - Command Audit - $22.9 to $1*

Difference

24%

* $8M Added as Revised Figure- Added 0.94 Per Staff-Year

Customer Satisfaction

- Interviews
  - All Satisfied With Services Rendered
- Questionnaires
  - Advantage Internal Review

Summary

- Is Command Audit a Viable Option for Internal Audit?
  - **Yes**
- Do Test Results Indicate That Command Audit Is The Most Effective and Efficient Option?
  - **No. Internal Review Offices Cost Less Per Staff-Year, Produced More Products and Provided a Greater Return on Investment for Their Commanders**

Considerations Not Addressed

- Legal Issues
- National Performance Review
- HQ Redesign
- GAO Standards
- Unity of Command